



Susan Montee, JD, CPA  
Missouri State Auditor

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# ECONOMIC DEVELOPMENT

## Public Service Commission



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January 2010  
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**Susan Montee, JD, CPA**  
Missouri State Auditor

## YELLOW SHEET

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### Findings in the audit of the Public Service Commission

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#### Standards of Conduct

The Standards of Conduct Policy did not provide adequate guidance to interested parties and needed revision to clarify acceptable conduct and comply with state law. During the 3 years ended June 30, 2009, several instances occurred where Commissioners either recused themselves, declared their intent not to participate, or had to defend their decision to continue to participate in regulatory cases. These instances arose as a result of perceived, potential, or actual conflicts of interest resulting from ex parte communication, other contact between the Commissioners and regulated utilities, or social relationships.

The proposed changes to the Standards of Conduct Policy do not include provisions for the commissioners or PSC staff receiving communications to monitor or review filings. As of September 2009, the proposed regulatory changes include 1) more clearly defining terms and reporting requirements related to communication outside of the hearing process, 2) prohibiting all ex parte communication, and 3) requiring communication made within 30 days prior to filing of a case to be reported. The proposed Standards of Conduct Policy revisions do not address or provide guidance related to social relationships between PSC employees (the commissioners, technical advisory staff, and hearing officers) and key officials of the regulated utilities and other interested parties. In addition, the proposed revisions limiting the required disclosure period for communication made prior to filing of a case to 30 days may not be sufficient.

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#### Closed Session Records

The PSC does not maintain minutes for closed sessions. While the open session minutes indicate when a meeting is being closed as well as the reason(s) for closing the meeting, the proceedings of the closed session are not documented through minutes. Section 610.020.7, RSMo, requires a journal or minutes be kept for all closed meetings.

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# Public Service Commission

## Table of Contents

---

State Auditor's Report	2
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Management Advisory Report - State Auditor's Findings	1. Standards of Conduct ..... 4 2. Closed Session Records..... 8
---	---

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Organization and Statistical Information	10
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### Appendixes

	Combined Statement of Receipts, Disbursements, Other Financing Uses and Changes in Cash and Investments, Year Ended -
A-1	June 30, 2009 ..... 12
A-2	June 30, 2008 ..... 13
A-3	June 30, 2007 ..... 14
B	Comparative Statement of Appropriations and Expenditures, Years Ended June 30, 2009, 2008, and 2007 ..... 15
C	Comparative Statement of Expenditures (From Appropriations) Years Ended June 30, 2009, 2008, 2007, 2006, and 2005 ..... 16
D	Statement of Changes in General Capital Assets, Years Ended June 30, 2009, 2008, and 2007 ..... 17



# **SUSAN MONTEE, JD, CPA**

## **Missouri State Auditor**

Honorable Jeremiah W. (Jay) Nixon, Governor  
and  
David Kerr, Director  
Department of Economic Development  
and  
Public Service Commission  
and  
Wess A. Henderson, Executive Director  
Public Service Commission  
Jefferson City, Missouri

We have audited the Public Service Commission. The scope of our audit included, but was not necessarily limited to, the years ended June 30, 2009, 2008, and 2007. The objectives of our audit were to:

1. Evaluate the commission's internal controls over significant management and financial functions.
2. Evaluate the commission's compliance with certain legal provisions.
3. Evaluate the economy and efficiency of certain management practices and operations, including certain revenues and expenditures.

Our methodology included reviewing minutes of meetings, written policies and procedures, financial records, and other pertinent documents; interviewing various personnel of the commission, as well as certain external parties; and testing selected transactions.

We obtained an understanding of internal controls that are significant within the context of the audit objectives and assessed whether such controls have been properly designed and placed in operation. We also tested certain of those controls to obtain evidence regarding the effectiveness of their design and operation. However, providing an opinion on the effectiveness of internal controls was not an objective of our audit and accordingly, we do not express such an opinion.

We obtained an understanding of legal provisions that are significant within the context of the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract, grant agreement, or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting instances of noncompliance significant to those provisions. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. Abuse, which refers to behavior that is deficient or improper when compared with behavior that a prudent person would consider reasonable and necessary given the facts and circumstances, does not necessarily involve noncompliance with legal provisions. Because the determination of abuse is subjective, our audit is not required to provide reasonable assurance of detecting abuse.

We conducted our audit in accordance with the standards applicable to performance audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform our audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides such a basis.

The accompanying Organization and Statistical Information is presented for informational purposes. This information was obtained from the commission's management and was not subjected to the procedures applied in our audit of the commission.

The accompanying Management Advisory Report presents our findings arising from our audit of the Public Service Commission.



Susan Montee, JD, CPA  
State Auditor

The following auditors participated in the preparation of this report:

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Audit Manager:	Dennis Lockwood, CPA
In-Charge Auditor:	Dan Vandersteen, CPA
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# Public Service Commission

## Management Advisory Report

### State Auditor's Findings

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#### **1. Standards of Conduct**

The Standards of Conduct Policy needed revisions to clarify acceptable conduct and comply with state law. Section 386.210, RSMo, generally allows open communication between the commission and the public, regulated utilities and other regulatory bodies. However ex parte communication (communication outside of the official hearing process ) is not allowed when it is the subject of a case that has been filed, or the communication addresses a substantive or procedural matter in a pending case in which no evidentiary hearing has been set. Communication about substantive or procedural matters is also allowed when made in a public agenda meeting or a forum where all interested parties are present. If such communication is made outside an agenda meeting the written communication must be subsequently disclosed to all interested parties by the party making the communication if the original communication was written, or by memorandum, if the original communication was oral, no later than the next business day.

The PSC incorporated the above statutory limitations and requirements into a Standards of Conduct Policy contained in the Code of State Regulations. Those regulations specify that when inadvertent ex parte communication is received by a commissioner, hearing officer or staff, it is the duty of the receiver of that communication to submit a written report to the commission.

#### **1.1 Conflicts of interest and recusals**

The existing Standards of Conduct Policy did not provide adequate guidance to interested parties and needed revision to comply with statutory requirements. During the 3 years ended June 30, 2009, several instances occurred where commissioners either recused themselves, declared their intent not to participate, or had to defend their decision to continue to participate in regulatory cases. These instances arose as a result of perceived, potential, or actual conflicts of interest resulting from ex parte communication, other contact between the Commissioners and regulated utilities, or social relationships.

A former Commissioner (Commissioner #1) held a conversation in April 2007 with an official of a utility company after the company had filed a case in February 2007 and hearings had been scheduled. The subsequent disclosure of that conversation by the Commissioner during an October 2007 hearing resulted in a party to the case requesting Commissioner #1 recuse himself. Commissioner #1 did so but denied any wrongdoing. According to the Commissioner, the conversation included discussion on the company's rate of return set in the prior rate case in 2006 not the rate of return to be determined in the current rate case and therefore no notice of ex parte communication was required under the Standards of Conduct Policy.

In a case publicized in July 2006, Commissioner #1 allegedly had a social relationship with a key official of a regulated utility. At the time,



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Public Service Commission  
Management Advisory Report - State Auditor's Finding

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Commissioner #1 had recently voted on at least two cases impacting the regulated utility. After the allegation became public knowledge, one of the companies involved requested the Commissioner recuse himself. Commissioner #1 abstained from voting on a subsequent motion and did not further participate in the case. The Commissioner did not file any written notification in this instance. While the Standards of Conduct Policy did not specifically address social relationships, the policy does require PSC employees to avoid any activity which improperly influences or appears to influence the conduct of their official duties.

Another Commissioner (Commissioner #2) recused himself from a merger case in December 2007 following the discovery that he had met with officials of the merging companies in January 2007, prior to the filing of the case in April 2007. It was alleged by a company official that Commissioner #2 had indicated his support for the merger. For this case the Public Counsel filed a motion to dismiss alleging the remaining Commissioners also met with the utility officials, however; the remaining Commissioners refuted the allegations and did not recuse themselves. Since the case had not yet been scheduled for a hearing, the Standards of Conduct Policy did not require a written notification to be filed.

In another case Commissioner #2 issued a notice of non-participation in March 2009 after he filed a notice of ex parte communication regarding his request for some historical information from PSC staff about a company involved in an active contested case. Certain parties to the case requested his recusal alleging an appearance of impropriety. There were two other related cases handled in conjunction with this case and parties to those cases also requested Commissioner #2 recuse in those cases. However Commissioner #2 continued to participate in both cases. The issue of recusal became moot in each of the related cases as the Commission approved a stipulation and agreement in which the key parties agreed to the terms under which the rate increase would be acceptable.

A clear and detailed Standards of Conduct Policy is needed to clarify allowable communications during pending cases.

## 1.2 Proposed revisions

The proposed changes to the Standards of Conduct Policy do not include provisions for the commissioners or PSC staff receiving communications to monitor or review filings. The Commission, retained an ethics consulting firm in February 2009 to study the existing Standards of Conduct and make recommendations for change. In June 2009, the consulting firm had developed proposed changes to the Standards of Conduct Policy that have undergone additional changes since that time. As of September 2009, the proposed regulatory changes include 1) more clearly defining terms and reporting requirements related to communication outside of the hearing



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Public Service Commission  
Management Advisory Report - State Auditor's Finding

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process, 2) prohibiting all ex parte communication, and 3) requiring communication made within 30 days prior to filing of a case to be reported.

Also, under the current policy, the party who is the recipient of ex parte communication is required to report, whereas the proposed changes require the individual making the communication outside of the hearing process to report as is currently required by Section 386.210(3), RSMo. This change brings the policy into compliance with current state law.

To ensure parties initiating the communication file the required reports, the policy should require recipients of communications to review or monitor filings and report instances of noncompliance to the commission.

### 1.3 Additional concerns

The proposed Standards of Conduct Policy revisions do not address or provide guidance related to social relationships between PSC employees (the commissioners, technical advisory staff, and hearing officers) and key officials of the regulated utilities and other interested parties.

In addition, the proposed revisions limiting the required disclosure period for communication made prior to the filing of a case to 30 days may not be sufficient. The communication between Commissioner #2 and company officials in the merger case discussed above occurred at least 70 days prior to the case being filed. The Commission should determine if the proposed pre-filing disclosure period is adequate to protect the interests of all parties.

### Recommendations

The PSC finalize a new Standards of Conduct policy that 1) defines and clarifies rules for allowable communication outside of the hearing process, 2) prohibits ex parte communications, 3) requires recipients of allowed communication to review filings and report instances of noncompliance, 4) provides clear and adequate guidance regarding social relationships and communications involving related cases, and 5) includes an adequate pre-filing disclosure period.

### Auditee's Response

*The commission appreciates the interest of the SAO in this topic and agrees that the existing policy on standards of conduct (specifically 4 CSR 240-4.020) needed clarification in light of the General Assembly's changes to Section 386.210, RSMo in 2003. As the Auditor's Report notes, the commission engaged an ethics consultant earlier this year to develop a draft revision of the agency's standards of conduct policy for promulgation as a formal administrative rule that would replace its existing rule.*

*To commence the process, the commission asked the ethics consultant to conduct a comprehensive review of state utility commission ethical standards. Further, to assist in drafting the proposed revised standards of conduct, the commission directed the ethics consultant to actively seek the input of the various stakeholder groups that participate in commission proceedings. The consultant moderated workshops and took comments from*



Public Service Commission  
Management Advisory Report - State Auditor's Finding

*all interested parties during the drafting of the proposed rule. The commission finalized and adopted a proposed rule that it filed with the Secretary of State on November 4, 2009. It is scheduled for publication in the Missouri Register on December 15, 2009. A hearing for public comment is scheduled for January 22, 2010.*

*The commission is pleased the Audit Report acknowledges that the proposed rule addresses the Report's first two recommendations, namely, that the policy "1) defines and clarifies rules for allowable communication outside of the hearing process" and "2) prohibits ex parte communications." The commission addresses the additional recommendations as follows:*

- *Require recipients of ex parte communications to review filings and report instances of non-compliance with the rule*

*The commission agrees that the issue of compliance monitoring is an important one. The commission will further consider this issue during the public comment period prior to the promulgating a final rule.*

- *Provide clear and adequate guidance regarding social relationships*

*The commission's current standard of conduct policy as contained in 4 CSR 240-4.010 restates executive order 92-04 and directs its members and employees to read and comply with that order. Paragraph 1 of the code contained in the executive order states: "Executive branch employees shall conduct the business of state government in a manner which inspires public confidence and trust." Subparagraph A. states that "employees shall avoid any interest or activity which improperly influences, or gives the appearance of impropriety influencing, the conduct of their official duties."*

*Also, every commission employee is required annually to complete a form entitled "Representation of Independence" which is a part of the PSC Employee Handbook (Policy C-12). The form states:*

*I acknowledge the Public Service Commission requires its employees to be independent both "in fact" and "in appearance" of the people and organizations that they audit, examine, or regulate.*

*Upon being assigned to any staff investigation or Commission proceeding, I shall notify my Department Manager and/or Division Director if any of the following statements apply:*

1. *The employee has a financial or personal interest in a utility or in any other entity that appear before the Commission.*



Public Service Commission  
Management Advisory Report - State Auditor's Finding

2. *The employee has knowledge of a family member who is employed by, or who has personal or financial interest in, the utility or in any other party participating in the investigation or proceeding.*
3. *The employee has a non-business association with an employee serving in a policy-making capacity with the utility or with any other party participating in an investigation or proceeding.*

*While the above form does not explicitly apply to commissioners, it does cover all other employees. Violations of employee handbook policies are subject to disciplinary action under the progressive discipline policy also outlined in the employee handbook (Policy C-7). Commissioners are subject to removal for misconduct under section 386.060, RSMo.*

*The Commission will further review the adequacy of this policy during its ethics and standards of review rulemaking.*

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## 2. Closed Session Records

The PSC does not maintain minutes for closed sessions. While the open session minutes indicate when a meeting is being closed as well as the reason(s) for closing the meeting, the proceedings of the closed session are not documented through minutes, as required. From January 1, 2009, to June 30, 2009, at least six closed sessions were held.

Section 610.020.7, RSMo, requires a journal or minutes be kept for all closed meetings. Section 610.022, RSMo, provides that governing bodies shall not discuss any other business during the closed meeting that differs from the specific reasons used to justify such meeting, record, or vote. Without minutes of closed meetings there is no record of the discussions held or support for decisions made, and less assurance various statutory provisions are followed.

## Recommendation

The PSC maintain minutes to document matters discussed and decisions made in closed meetings.

## Auditee's Response

*The commission acknowledges its requirement to keep closed minutes under Chapter 610, Section 610.020(7), and states that while it has not strictly maintained detailed records of closed minutes, it has promptly provided in its next open meeting minutes the required statutory disclosure concerning the closed meeting (i.e., date, time, place, members present and members absent, and votes attributed to each member). Open meeting minutes are retained in the commission's electronic filing and information system (EFIS) and fully accessible to the public.*



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Public Service Commission  
Management Advisory Report - State Auditor's Finding

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*In response to the Report's recommendation, the commission has implemented the following policy regarding the taking of minutes of closed session activities. Such records are maintained as closed records, and retained in the Office of the General Counsel/Commission Secretary.*

*GP 11*

*PURPOSE: To establish a procedure for recording and retaining minutes of closed agenda sessions.*

*PROCEDURE: Recording and retaining minutes of closed agenda sessions.*

- 1. Minutes of closed agenda sessions shall be taken by the secretary of the commission or a commissioner.*
- 2. Any vote taken by the commission in closed session shall be recorded in the closed agenda session minutes.*
- 3. When required by section 610.021 RSMo, (Supp. 2008) votes taken in a closed agenda session shall be made public by disclosing the vote in the commission's public agenda minutes.*
- 4. Minutes of closed agenda sessions shall be maintained by the secretary of the commission.*

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# Public Service Commission

## Organization and Statistical Information

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The Missouri Public Service Commission was established in 1913 by the 47th General Assembly. The 1974 State Reorganization Act placed the commission within the Department of Consumer Affairs, Regulation and Licensing, which in 1984 was renamed the Department of Economic Development.

The commission is charged with the statutory responsibility of ensuring that public utility consumers receive safe and adequate services at just and reasonable rates that will provide the utility companies' shareholders the opportunity to earn a reasonable return on their investment. The commission consists of 5 commissioners who are appointed by the governor to 6-year terms with the advice and consent of the Missouri Senate. The terms are staggered so that no more than 2 terms expire in any 1 year. The governor designates one member as chair, who serves in that capacity at the pleasure of the governor.

The commission regulates utility rates, service and safety for investor-owned electric, gas, telecommunications, sewer and water companies. The commission monitors the construction of manufactured homes to ensure compliance with state and federal law. The commission also administers the Deaf Relay Services and Equipment Distribution Program which provides telecommunication services to the hearing impaired.

While the rates charged by rural electric cooperatives and municipally-owned utilities are determined by their respective governing bodies, the commission has jurisdiction regarding matters of safety over rural electric cooperatives and municipally-operated electric and natural gas systems. Similarly, the commission does not have jurisdiction over the basic service rates for telephone cooperatives, but regulates other aspects of their operations. The commission also oversees service territory issues involving investor-owned electric utilities, rural electric cooperatives and municipally-owned electric utilities, as well as those involving privately-owned water and sewer utilities and public water supply districts.

The commission has a staff of professional accountants, engineers, economists, attorneys, financial analysts and management specialists that evaluate utility requests for commission approval. These requests deal with matters such as tariff changes regarding rates and business operations, financing proposals, business reorganizations, asset transfers, and mergers. The staff will provide the results of its evaluation and recommend actions that satisfy the agency's statutory requirements.



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Public Service Commission  
Organization and Statistical Information

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As of June 30, 2009, the Public Service Commission consisted of the following members:

Name	Position	Term Ends
Robert M. Clayton III	Chairman	April 28, 2009 (1)
Jeff Davis	Commissioner	April 15, 2012
Terry M. Jarrett	Commissioner	September 11, 2013
Kevin Gunn	Commissioner	March 13, 2014
Vacant (2)		

- (1) Continues to serve until successor is appointed and confirmed.  
(2) Robert S. Kenney was appointed to the commission on July 29, 2009, with his term ending April 28, 2015.

During the 3 years ended June 30, 2009, Connie Murray, Steve Gaw and Linward Appling also served as commissioners. Wess Henderson serves as the executive director. At June 30, 2009 the PSC had about 184 salaried and 7 temporary employees.

## Appendix A-1

Public Service Commission  
 Combined Statement of Receipts, Disbursements, Other Financing Uses and Changes in Cash and Investments  
 Year Ended June 30, 2009

	Public Service Commission Fund	Deaf Relay Service and Equipment Distribution Program Fund	Manufactured Housing Fund	Total (Memorandum Only)
<b>RECEIPTS</b>				
Public Utilities Fees	\$ 16,265,796	4,307,620	0	20,573,416
Interest	0	85,782	0	85,782
Inspection Fee	0	0	456,887	456,887
Cost Reimbursements-State	378,857	0	0	378,857
Other Receipts	3,912	0	7,863	11,775
<b>Total Receipts</b>	<b>16,648,565</b>	<b>4,393,402</b>	<b>464,750</b>	<b>21,506,717</b>
<b>DISBURSEMENTS</b>				
Salaries and Wages	9,828,937	0	307,710	10,136,647
Travel, In-State	123,655	0	8,337	131,992
Travel, Out-Of-State	77,597	0	1,948	79,545
Fuel and Utilities	20,639	0	0	20,639
Supplies	190,861	0	14,368	205,229
Professional Development	130,138	0	3,162	133,300
Communication Service and Support	150,185	0	10,066	160,251
Professional Services	549,886	2,190,079	2,390	2,742,355
Equipment Expenses	266,050	0	782	266,832
Miscellaneous Expenses	463,926	0	122,036	585,962
Building and Lease Payment	827,140	0	0	827,140
<b>Total Disbursements*</b>	<b>12,629,014</b>	<b>2,190,079</b>	<b>470,799</b>	<b>15,289,892</b>
<b>RECEIPTS OVER (UNDER) DISBURSEMENTS BEFORE OTHER FINANCING USES</b>				
	<b>4,019,551</b>	<b>2,203,323</b>	<b>(6,049)</b>	<b>6,216,825</b>
<b>OTHER FINANCING USES</b>				
Appropriations exercised by other state agencies				
Office of Administration-Operating	3,902,342	142,864	139,072	4,184,278
Elementary and Secondary Education	0	1,421,155	0	1,421,155
Elementary and Secondary Education-Leasing	0	20,173	0	20,173
<b>Total</b>	<b>3,902,342</b>	<b>1,584,192</b>	<b>139,072</b>	<b>5,625,606</b>
<b>RECEIPTS OVER (UNDER) DISBURSEMENTS AND OTHER USES</b>				
	<b>117,209</b>	<b>619,131</b>	<b>(145,121)</b>	<b>591,219</b>
<b>CASH AND INVESTMENTS, JULY 1, 2008</b>	<b>1,716,048</b>	<b>3,164,063</b>	<b>1,463,296</b>	<b>6,343,407</b>
<b>CASH AND INVESTMENTS, JUNE 30, 2009</b>	<b>\$ 1,833,257</b>	<b>3,783,194</b>	<b>1,318,175</b>	<b>6,934,626</b>

\* Disbursements on this statement do not agree to fund expenditures on Appendix B primarily due to appropriated transfers out.

## Appendix A-2

Public Service Commission  
 Combined Statement of Receipts, Disbursements, Other Financing Uses and Changes in Cash and Investments  
 Year Ended June 30, 2008

	Public Service Commission Fund	Deaf Relay Service and Equipment Distribution Program Fund	Manufactured Housing Fund	Total (Memorandum Only)
<b>RECEIPTS</b>				
Public Utilities Fees	\$ 16,207,758	4,722,082	0	20,929,840
Interest	0	128,143	0	128,143
Inspection Fee	0	0	692,098	692,098
Cost Reimbursements-State	334,557	0	171	334,728
Other Receipts	6,321	0	390	6,711
<b>Total Receipts</b>	<b>16,548,636</b>	<b>4,850,225</b>	<b>692,659</b>	<b>22,091,520</b>
<b>DISBURSEMENTS</b>				
Salaries and Wages	9,429,211	0	290,959	9,720,170
Travel, In-State	78,677	0	6,075	84,752
Travel, Out-Of-State	67,194	0	6,294	73,488
Fuel and Utilities	86,664	0	1,764	88,428
Supplies	204,317	0	24,773	229,090
Professional Development	145,853	0	4,567	150,420
Communication Service and Support	156,321	0	10,540	166,861
Professional Services	746,183	2,280,457	15,407	3,042,047
Equipment Expenses	331,202	0	18,875	350,077
Miscellaneous Expenses	448,935	0	40,526	489,461
Building and Lease Payment	761,503	0	9,381	770,884
<b>Total Disbursements*</b>	<b>12,456,060</b>	<b>2,280,457</b>	<b>429,161</b>	<b>15,165,678</b>
<b>RECEIPTS OVER (UNDER) DISBURSEMENTS BEFORE OTHER FINANCING USES</b>				
	<b>4,092,576</b>	<b>2,569,768</b>	<b>263,498</b>	<b>6,925,842</b>
<b>OTHER FINANCING USES</b>				
Appropriations exercised by other state agencies				
State Treasurer-Operating	0	0	49,014	49,014
Office of Administration-Operating	3,752,516	157,461	134,810	4,044,787
Elementary and Secondary Education	0	1,503,517	0	1,503,517
Elementary and Secondary Education-Leasing	0	19,468	0	19,468
<b>Total</b>	<b>3,752,516</b>	<b>1,680,446</b>	<b>183,824</b>	<b>5,616,786</b>
<b>RECEIPTS OVER (UNDER) DISBURSEMENTS AND OTHER USES</b>				
	<b>340,060</b>	<b>889,322</b>	<b>79,674</b>	<b>1,309,056</b>
<b>CASH AND INVESTMENTS, JULY 1, 2007</b>	<b>1,375,988</b>	<b>2,274,741</b>	<b>1,383,622</b>	<b>5,034,351</b>
<b>CASH AND INVESTMENTS, JUNE 30, 2008</b>	<b>\$ 1,716,048</b>	<b>3,164,063</b>	<b>1,463,296</b>	<b>6,343,407</b>

\* Disbursements on this statement do not agree to fund expenditures on Appendix B primarily due to appropriated transfers out.

## Appendix A-3

Public Service Commission  
 Combined Statement of Receipts, Disbursements, Other Financing Uses and Changes in Cash and Investments  
 Year Ended June 30, 2007

	Public Service Commission Fund	Deaf Relay Service and Equipment Distribution Program Fund	Manufactured Housing Fund	Total (Memorandum Only)
<b>RECEIPTS</b>				
Public Utilities Fees	\$ 15,355,446	4,835,508	0	20,190,954
Interest	0	100,379	0	100,379
Inspection Fees	0	0	848,302	848,302
Cost Reimbursements-State	299,985	0	1,892	301,877
Other Receipts	6,106	0	878	6,984
<b>Total Receipts</b>	<b>15,661,537</b>	<b>4,935,887</b>	<b>851,072</b>	<b>21,448,496</b>
<b>DISBURSEMENTS</b>				
Salaries and Wages	9,261,711	0	279,075	9,540,786
Travel, In-State	127,445	0	5,177	132,622
Travel, Out-Of-State	74,674	0	1,659	76,333
Fuel and Utilities	99,966	0	1,721	101,687
Supplies	211,054	0	21,040	232,094
Professional Development	116,972	0	2,696	119,668
Communication Service and Support	167,075	0	12,008	179,083
Professional Services	781,329	3,063,322	1,721	3,846,372
Equipment Expenses	186,636	0	4,805	191,441
Miscellaneous Expenses	755,896	0	27,175	783,071
Building and Equipment Lease Payments	769,440	0	13,737	783,177
<b>Total Disbursements*</b>	<b>12,552,198</b>	<b>3,063,322</b>	<b>370,814</b>	<b>15,986,334</b>
<b>RECEIPTS OVER (UNDER) DISBURSEMENTS BEFORE OTHER FINANCING USES</b>				
	<b>3,109,339</b>	<b>1,872,565</b>	<b>480,258</b>	<b>5,462,162</b>
<b>OTHER FINANCING USES</b>				
Appropriations exercised by other state agencies				
Office of Administration-Operating	3,772,296	146,940	134,767	4,054,003
Elementary and Secondary Education	0	1,542,346	0	1,542,346
Elementary and Secondary Education-Leasing	0	18,910	0	18,910
<b>Total</b>	<b>3,772,296</b>	<b>1,708,196</b>	<b>134,767</b>	<b>5,615,259</b>
<b>RECEIPTS OVER (UNDER) DISBURSEMENTS AND OTHER USES</b>				
	<b>(662,957)</b>	<b>164,369</b>	<b>345,491</b>	<b>(153,097)</b>
<b>CASH AND INVESTMENTS, JULY 1, 2006</b>	<b>2,038,945</b>	<b>2,110,372</b>	<b>1,038,131</b>	<b>5,187,448</b>
<b>CASH AND INVESTMENTS, JUNE 30, 2007</b>	<b>\$ 1,375,988</b>	<b>2,274,741</b>	<b>1,383,622</b>	<b>5,034,351</b>

\* Disbursements on this statement do not agree to fund expenditures on Appendix B primarily due to appropriated transfers out.

Appendix B

Public Service Commission  
Comparative Statement of Appropriations and Expenditures

	Year Ended June 30,								
	2009			2008			2007		
	Appropriation Authority	Expenditures	Lapsed Balances	Appropriation Authority	Expenditures	Lapsed Balances	Appropriation Authority	Expenditures	Lapsed Balances
<b>PUBLIC SERVICE COMMISSION FUND</b>									
Public Service Commission Refunds	\$ 10,000	1,198	8,802	10,000	0	10,000	10,000	0	10,000
Public Service Commission Personal Services	10,391,608	9,828,937	562,671	10,088,938	9,429,211	659,727	9,795,084	9,261,711	533,373
Department of Economic Development Leasing	828,914	794,011	34,903	869,724	788,722	81,002	1,025,602	849,203	176,399
Public Service Commission Expense and Equipment	2,485,501	1,694,210	791,291	2,572,053	1,957,380	614,673	2,523,721	2,027,883	495,838
Department of Economic Development State Owned	80,025	75,781	4,244	84,755	77,453	7,302	37,885	37,860	25
Code of Ethics Consultant	100,000	32,053	67,947	0	0	0	0	0	0
Unemployment Benefits	11,620	2,974	8,646	11,620	0	11,620	11,620	4,348	7,272
Total Public Service Commission Fund	<u>13,907,668</u>	<u>12,429,164</u>	<u>1,478,504</u>	<u>13,637,090</u>	<u>12,252,766</u>	<u>1,384,324</u>	<u>13,403,912</u>	<u>12,181,005</u>	<u>1,222,907</u>
<b>DEAF RELAY SERVICE AND EQUIPMENT DISTRIBUTION PROGRAM FUND</b>									
Public Service Commission Expense and Equipment	5,000,000	2,190,079	2,809,921	5,000,000	2,280,457	2,719,543	5,000,000	3,063,322	1,936,678
Total Deaf Relay Service and Equipment Distribution Program Fund	<u>5,000,000</u>	<u>2,190,079</u>	<u>2,809,921</u>	<u>5,000,000</u>	<u>2,280,457</u>	<u>2,719,543</u>	<u>5,000,000</u>	<u>3,063,322</u>	<u>1,936,678</u>
<b>MANUFACTURED HOUSING FUND</b>									
Manufactured Housing Refunds	10,000	600	9,400	10,000	0	10,000	10,000	0	10,000
Manufactured Housing Administration Expense and Equipment	145,089	57,177	87,912	169,255	103,499	65,756	145,089	54,277	90,812
Manufactured Housing Program	49,432	49,432	0	19,310	19,310	0	14,249	14,249	0
Department of Economic Development Leasing	0	0	0	12,831	11,245	1,586	16,212	15,548	664
Manufactured Housing Administration Personal Services	341,404	307,710	33,694	331,460	290,959	40,501	321,805	279,075	42,730
Public Service Commission Expense and Equipment	0	0	0	2,235	0	2,235	2,235	0	2,235
Total Manufactured Housing Fund	<u>545,925</u>	<u>414,919</u>	<u>131,006</u>	<u>545,091</u>	<u>425,013</u>	<u>120,078</u>	<u>509,590</u>	<u>363,149</u>	<u>146,441</u>
Total All Funds	<u>\$ 19,453,593</u>	<u>15,034,162</u>	<u>4,419,431</u>	<u>19,182,181</u>	<u>14,958,236</u>	<u>4,223,945</u>	<u>18,913,502</u>	<u>15,607,476</u>	<u>3,306,026</u>

Appendix C

Public Service Commission  
 Comparative Statement of Expenditures (From Appropriations)

	Year Ended June 30,				
	2009	2008	2007	2006	2005
Salaries and wages	\$ 10,136,647	9,720,170	9,540,786	8,896,558	9,054,880
Travel, in-state	131,992	84,752	132,622	113,389	117,181
Travel, out-of-state	79,545	73,488	76,333	60,111	61,858
Fuel and utilities	20,639	88,428	101,687	93,524	93,574
Supplies	205,229	229,090	232,094	229,965	242,340
Professional development	133,300	150,420	119,668	93,956	107,766
Communication service and supplies	160,251	166,861	179,083	181,821	197,233
Services:					
Professional	2,742,355	3,042,047	3,846,372	3,581,987	4,192,906
Housekeeping and janitorial	5	1	4,712	2,020	3,000
Maintenance and repair	240,705	238,477	360,655	371,904	378,999
Equipment:					
Computer	159,882	244,462	157,075	112,439	161,240
Motorized	63,278	71,083	0	0	34,305
Office	19,488	21,616	24,067	32,041	6,059
Other	24,184	12,916	10,299	2,216	521
Debt services	22,017	14,483	12,293	0	0
Building lease payments	826,990	761,504	769,128	744,591	740,326
Real property rentals and leases	0	9,381	13,737	13,898	13,993
Equipment rental and leases	150	0	312	42	0
Miscellaneous expenses	13,301	9,747	7,956	11,688	17,803
Refunds	1,798	0	0	3,255	168,500
Program distributions	52,406	19,310	18,597	47,278	25,026
Total Expenditures	\$ <u>15,034,162</u>	<u>14,958,236</u>	<u>15,607,476</u>	<u>14,592,683</u>	<u>15,617,510</u>

Appendix D

Public Service Commission  
Statement of Changes in General Capital Assets

<u>All Funds</u>		<u>Equipment</u>	<u>Motor Vehicles</u>	<u>Total</u>
Balance, July 1, 2006	\$	1,523,582	277,110	1,800,692
Additions		107,412	0	107,412
Dispositions		(180,350)	0	(180,350)
Balance, June 30, 2007		1,450,644	277,110	1,727,754
Additions		272,807	84,949	357,756
Dispositions		(279,582)	(91,692)	(371,274)
Balance, June 30, 2008		1,443,869	270,367	1,714,236
Additions		204,772	66,733	271,505
Dispositions		(54,084)	(64,741)	(118,825)
Balance, June 30, 2009	\$	<u>1,594,557</u>	<u>272,359</u>	<u>1,866,916</u>

<u>Fund of Acquisition</u>		<u>Balance June 30, 2009</u>
Public Service Commission Fund	\$	1,788,369
Manufactured Housing Fund		77,948
Deaf Relay Fund		599
Total All Funds	\$	<u>1,866,916</u>